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PROSPECTUS
OF
INSIGHT INVESTMENT DIVERSIFIED TARGET RETURN FUND ICVC

(An open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000350)

This Prospectus has been prepared in accordance with the Rules of the Financial Services Authority as contained in the Collective Investment Schemes Sourcebook of the Financial Services Authority and is dated and is valid as at 14 October 2011.

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INSIGHT INVESTMENT DIVERSIFIED TARGET RETURN FUND ICVC

DIRECTORY

THE COMPANY

Insight Investment Diversified Target Return Fund ICVC

Head Office and Registered Office: 160 Queen Victoria Street
London EC4V 4LA

AUTHORISED CORPORATE DIRECTOR

Insight Investment Funds Management Limited

Head Office and Registered Office: 160 Queen Victoria Street
London EC4V 4LA

DEPOSITARY

National Westminster Bank Plc

Registered and Head Office: 135 Bishopsgate
London
EC2M 3UR

Principal Place of Business: Trustee & Depositary Services
The Broadstone
50 South Gyle Crescent
Edinburgh
EH12 9UZ

INVESTMENT ADVISER

Insight Investment Management (Global) Limited

Head Office and Registered Office: 160 Queen Victoria Street
London EC4V 4LA

AUDITOR

KPMG Audit PLC
8 Salisbury Square
London
EC4Y 8BB

THE REGISTRAR

Insight Investment Funds Management Limited

Registered Office: 160 Queen Victoria Street
London EC4V 4LA

Office for inspection of the Register: 12 Blenheim Place
Edinburgh EH7 5ZR

FUND ACCOUNTING AND TRANSFER AGENCY

The Bank of New York Mellon (International) Limited

Head Office and Registered Office: One Canada Square
London E14 5AL

1. **DEFINITIONS**

- “Accumulation Shares”** Shares in respect of which income is accumulated and added to the capital property of the Company.
- “ACD”** Insight Investment Funds Management Limited which acts as the authorised corporate director of the Company.
- “Approved Bank”** in relation to a bank account opened by the Company:
- (a) if the account is opened at a branch in the United Kingdom;
 - (i) the Bank of England; or
 - (ii) the central bank of a member state of the OECD; or
 - (iii) a bank or a building society which offers, unrestrictedly, banking services; or
 - (iv) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
 - (b) if the account is opened elsewhere:
 - (i) a bank in (a); or
 - (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
 - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
 - (c) a bank supervised by the South African Reserve Bank.

“Auditor”	KPMG Audit PLC.
“Calculation Date”	The first Valuation Point of a calendar month.
“COLL”	the Collective Investment Schemes Sourcebook which forms part of the FSA Handbook.
“Company”	Insight Investment Diversified Target Return Fund ICVC.
“Dealing Day”	Monday to Friday (except for (unless the ACD otherwise decides) the last working day before Christmas, a bank holiday in England and Wales and any other days declared by the ACD to be a company holiday) and other days at the ACD’s discretion.
“Depositary”	National Westminster Bank Plc, which acts as the depositary of the Company.
“EEA State”	A member state of the European Union and any other state which is within the European Economic Area.
“Eligible Institution”	One of certain eligible institutions being a BCD credit institution authorised by its home state regulator, as defined in the glossary of definitions in the FSA Handbook, or an ISD investment firm authorised by its home state regulator as defined in the glossary of definitions in the FSA Handbook.
“FSA”	The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.
“FSA Handbook”	The FSA Handbook of Rules and Guidance as amended from time to time.
“FSA Rules”	The Collective Investment Schemes Sourcebook which forms part of the FSA Handbook.
“ICVC Regulations”	The Open-Ended Investment Companies Regulations 2001 (as amended from time to time).

“Income Shares”	Shares in respect of which income is distributed to Shareholders.
“Insight Fund or Insight Funds”	For the purposes of sections 2.4 and 22 of this Prospectus, sub-funds of any Insight Investment OEIC.
“Insight Investment OEIC”	The Company or any other OEIC managed by the ACD, further details of which are set out in the Appendix of this Prospectus (as amended from time to time).
“Instrument of Incorporation”	The instrument of incorporation of the Company as amended from time to time.
“Insight Investment Regular Savings Plan”	A regular savings plan offered by the ACD through which A Shares may be purchased.
“Investment Adviser”	Insight Investment Management (Global) Limited which acts as the investment adviser to the Company.
“Larger Denomination Share”	A Share issued by the Company as a larger denomination share.
“Net Asset Value”	The value of the property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation.
“OECD”	The Organisation for Economic Co-operation and Development.
“OEIC”	A company incorporated under the ICVC Regulations.
“Regulated Activities Order”	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544.
“the Regulations”	The ICVC Regulations and the FSA Rules.
“Share or Shares”	A share or shares in the Company (including Larger Denomination Shares and Smaller Denomination Shares).

“Share Class or Class of Shares or Class”	All of the Shares issued by the Company as a particular class of Shares
“Shareholder”	A holder of Shares in the Company.
“Smaller Denomination Share”	A Share carrying one thousandth of the rights of a Larger Denomination Share.
“SDRT”	Stamp duty reserve tax.
“UCITS”	Undertaking for Collective Investment in Transferable Securities as described in the UCITS Directive referred to in the FSA Rules.
“UK”	United Kingdom of Great Britain and Northern Ireland.
“Valuation Point”	The point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the property of the Company for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The Valuation Point is 12 noon on each Dealing Day.
“VAT”	Value added tax.

2. THE COMPANY

- 2.1 The Company is an open-ended investment company with variable capital. The Company is incorporated in England and Wales with Registered Number IC000350 and is authorised pursuant to Regulation 14 of the ICVC Regulations. The effective date of the authorisation order made by the FSA was 17 February 2005.
- 2.2 The minimum share capital of the Company shall be £5 million and the maximum share capital shall be £500 billion. The base currency for the Company is pounds sterling. The Shareholders are not responsible for the debts of the Company. Shares in the Company are not listed on any investment exchange.
- 2.3 The Company is a UCITS scheme under the FSA Rules.
- 2.4 The ACD is also the authorised corporate director of five other OEICs, Insight Investment Professional Funds ICVC, Insight Investment Discretionary Funds ICVC, Insight Investment Portfolio Funds ICVC, Insight Investment Multi-Manager Funds ICVC and Insight Investment Fund of Funds II ICVC. Their sub-

funds are set out in the Appendix I. Shareholders are able to switch between the Company and another Insight Fund as set out in "Switching" at section 22.

2.5 The address in the UK for service on the Company of Notices or other documents required or authorised to be served on the Company is 160 Queen Victoria Street, London EC4V 4LA.

2.6 **Changes to the Company**

Where any changes are proposed to be made to the Company the ACD will assess whether the change is fundamental, significant or notifiable in accordance with Rule 4.3 of the FSA Rules. If the change is regarded as fundamental, Shareholder approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable notice of the change.

3. **AUTHORISED CORPORATE DIRECTOR**

3.1 The ACD is Insight Investment Funds Management Limited, a private company incorporated with limited liability in England and Wales under the Companies Act 1985. Its registered office is situated at 160 Queen Victoria Street, London EC4V 4LA. It was incorporated on 24 July 1984. It has an issued and fully paid-up share capital of £3 million. The ACD's principal activity is acting as the authorised fund manager for regulated collective investment schemes.

3.2 Insight Investment Funds Management Limited is a wholly owned indirect subsidiary of BNY Mellon Corporation.

3.3 The ACD is authorised and regulated by the FSA.

3.4 The directors of the ACD are:

Sarah Aitken
Charles Farquharson
Andrew Giles
Atul Manek
Abdallah Nauphal

The main business activities of the directors are connected to the business of the ACD and its associates.

3.5 **ACD Agreement**

The ACD has been appointed under an agreement dated 18 February 2005 between the Company and the ACD ("the ACD Agreement"). Pursuant to the ACD Agreement, the ACD shall manage and administer the Company in

accordance with the Regulations, the Instrument of Incorporation, the Prospectus, the FSA Rules or any other relevant legislation or regulation applicable to the ACD. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD, including the management, investment and reinvestment of the property of the Company in order to achieve the various investment objectives. The ACD may delegate its management and administration functions to third parties including associates subject to the rules in the FSA Rules. The specific functions the ACD has delegated are set out in paragraphs 5, 7 and 8 below.

The ACD is entitled to receive Preliminary and Periodic charges as set out in the section of this Prospectus headed "Charges" at section 18.

The ACD Agreement may be terminated without compensation by either party giving to the other not less than two years' written notice provided such notice shall not expire at any time prior to the third anniversary of the ACD Agreement. The ACD shall not voluntarily terminate its appointment unless the termination is coterminous with the commencement of the appointment of a successor authorised corporate director of the Company.

The appointment of the ACD shall also be terminated forthwith by either party giving written notice to the other party if the ACD goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation), or a receiver is appointed to the ACD or an administrative order is made in relation to the ACD under the Insolvency Act 1986.

To the extent permitted by the FSA Rules, the Company has agreed to indemnify the ACD against all losses and liabilities incurred in acting as the ACD of the Company other than where there has been negligence, wilful default or fraud on the part of the ACD.

4. THE DEPOSITARY

- 4.1 The Depositary of the Company is National Westminster Bank Plc, a public limited company incorporated in England & Wales under the Companies Act 1985. Its registered and head office is situated at 135 Bishopsgate, London EC2M 3UR.
- 4.2 The ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated and registered in Scotland.
- 4.3 The principal business activity of the Depositary is banking.
- 4.4 The Depositary is authorised and regulated by the FSA.

4.5 The Depositary is responsible for the safe-keeping of all the Company's property and for fulfilling other duties specified in the FSA Rules which include the taking of reasonable care to ensure that the Company is managed in accordance with those parts of the FSA Rules that concern pricing and dealing in the Shares, allocation of income and compliance with the investment and borrowing powers laid down in the FSA Rules.

4.6 **Depositary Agreement**

The Depositary provides its services under the terms of a depositary agreement as novated in favour of the Depositary with effect from 14 October 2011 ("the Depositary Agreement") which may be terminated by either party giving to the other not less than three months' written notice provided that no such notice shall take effect until the appointment of a successor to the Depositary.

To the extent permitted by the FSA Rules, the Company will indemnify the Depositary, its directors, officers and employees against charges, losses and liabilities suffered or incurred in the proper execution or exercise, or in the purported execution or exercise reasonably, and in good faith, of the Depositary's duties, powers and authorities, except in the case of failure to exercise due care and diligence. The Depositary has delegated its custodial duties to The Bank of New York Mellon.

The Depositary is entitled to receive remuneration out of the property of the Company for its services and this is detailed in section 18.5 of this Prospectus headed "Depositary's Remuneration and Expenses".

5. **THE INVESTMENT ADVISER**

5.1 The ACD has appointed Insight Investment Management (Global) Limited whose registered office is at 160 Queen Victoria Street, London EC4V 4LA as its investment adviser ("the Investment Adviser") by an Agreement dated 18 February 2005 ("the Investment Advisory Agreement").

5.2 The Investment Adviser is an Associate (as defined in the Glossary to the FSA Handbook) of the ACD.

5.3 The Investment Adviser is authorised and regulated by the FSA.

5.4 **Investment Advisory Agreement**

The Investment Advisory Agreement authorises the Investment Adviser to manage and to act as investment adviser for the investment and reinvestment of the assets of the Company. In the exercise of the ACD's investment functions the Investment Adviser will be allowed complete discretion subject to compliance with the investment objective and policy of the Company, the Regulations and

supervision or further instruction by the ACD. The Investment Adviser may also direct the exercise of rights (including voting rights) attaching to the ownership of the property of the Company.

The Agreement may be terminated by either party giving to the other not less than three months' notice, after the expiry of an initial period of five years.

The ACD has agreed to indemnify the Investment Adviser against all losses and liabilities incurred in acting as the Investment Adviser other than where there has been negligence or wilful default on the part of the Investment Adviser.

The Investment Adviser has agreed to indemnify the ACD against all losses and liabilities incurred as a result of the negligence or wilful default on the part of the Investment Adviser.

6. THE AUDITOR

The auditor of the Company is KPMG Audit PLC of 8 Salisbury Square, London, EC4Y 8BB.

7. THE REGISTRAR

The ACD has made arrangements with the Bank of New York Mellon (International) Limited to carry out some of the registration functions. The register of holders ("the Register") in the Company is kept at 12 Blenheim Place, Edinburgh EH7 5ZR and may be inspected at that address during ordinary office hours.

8. FUND ACCOUNTING AND TRANSFER AGENCY

8.1 The ACD has appointed The Bank of New York Mellon (International) Limited to carry out fund accounting to the Company under an agreement dated 18 February 2005.

8.2 The ACD has appointed The Bank of New York Mellon (International) Limited to act as transfer agent to the Company under an agreement dated 18 February 2005.

9. INVESTMENT OBJECTIVE AND POLICY OF THE COMPANY

9.1 The objective of the Company is to deliver positive returns on an annual basis with the prospect of long-term capital growth commensurate with investment in equities.

The policy of the Company is to gain exposure to one or more of the following asset classes: fixed income, cash, near cash and deposits, equities, property, collective investment schemes which have as their objective an absolute or

target return and structured products. Exposure to these asset classes will be achieved through investment in collective investment schemes, transferable securities, money market instruments and derivatives. Investment in property will be indirect.

Derivatives may be used for the purposes of efficient portfolio management and/or for meeting the investment objective of the Company. It is not intended that the use of derivatives in this way will cause the Net Asset Value of the Company to have high volatility or otherwise cause its existing risk profile to change. For the avoidance of doubt, the types of derivatives that may be used include those the returns on which are referenced to the performance of financial indices based on commodities prices.

9.2 Where appropriate, the historical performance of the Company is set out in Appendix II.

10. **INVESTMENT AND BORROWING POWERS AND RESTRICTIONS**

10.1 **General rules of investment**

10.1.1 The scheme property of the Company will be invested with the aim of achieving the investment objective of the Company but subject to the limits on investment set out in Chapter 5 of the FSA Rules. These limits apply to the Company as summarised below.

10.1.2 The ACD's investment policy may mean that at times, where it is considered appropriate, the scheme property of the Company will not be fully invested and that prudent levels of liquidity will be maintained.

10.2 **Prudent spread of risk**

The ACD must ensure that, taking account of the investment objectives and policy of the Company, the scheme property provides a spread of risk.

10.3 **Cover**

10.3.1 Where the FSA Rules permit an investment transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in Chapter 5 of the FSA Rules, it must be assumed that the maximum possible liability of the Company under any other of those rules has also to be provided for.

10.3.2 Where the FSA Rules permit an investment transaction to be entered into or an investment to be retained only if that investment

transaction, or the retention, or other similar transactions, are covered:

10.3.2.1 it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and

10.3.2.2 no element of cover must be used more than once.

10.4 **UCITS schemes – general**

10.4.1 The scheme property of the Company must, subject to its investment objective and policy and except where otherwise provided in Chapter 5 of the FSA Rules, only consist of any or all of:

10.4.1.1 transferable securities;

10.4.1.2 approved money market instruments;

10.4.1.3 derivatives and forward transactions.

10.4.1.4 deposits;

10.4.1.5 units in collective investment schemes;

10.4.2 The requirements in paragraphs 10.15 and 10.16 do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Company (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

10.4.3 It is not intended that the Company will have an interest in any immovable property or tangible moveable property.

10.5 **Transferable securities**

10.5.1 A transferable security is an investment which is any of the following:

10.5.1.1 a share;

10.5.1.2 a debenture;

10.5.1.3 a government and public security;

10.5.1.4 a warrant; or

10.5.1.5 a certificate representing certain securities.

- 10.5.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 10.5.3 In applying paragraph 10.5.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 10.5.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 10.5.5 No more than 5% of the value of the scheme property of the Company may be invested in warrants.

10.6 **Investment in transferable securities**

- 10.6.1 The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
 - 10.6.1.1 the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 10.6.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder under the COLL Sourcebook;
 - 10.6.1.3 reliable valuation is available for it as follows:
 - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

10.6.1.4 appropriate information is available for it as follows:

- (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
- (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

10.6.1.5 it is negotiable; and

10.6.1.6 its risks are adequately captured by the risk management process of the ACD.

10.6.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

10.6.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and

10.6.2.2 to be negotiable.

10.7 **Closed end funds constituting transferable securities**

10.7.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 10.6, and either:

10.7.1.1 where the closed end fund is constituted as an investment company or a unit trust:

- (a) it is subject to corporate governance mechanisms applied to companies; and
- (b) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

10.7.1.2 where the closed end fund is constituted under the law of contract:

- (a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
- (b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

10.8 **Transferable securities linked to other assets**

10.8.1 The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:

10.8.1.1 fulfils the criteria for transferable securities set out in paragraph 10.6; and

10.8.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.

10.8.2 Where an investment in paragraph 10.8.1 contains an embedded derivative component (see paragraph 10.19.6), the requirements of this section with respect to derivatives and forwards will apply to that component.

10.9 **Approved money market instruments**

10.9.1 An approved money market instrument is a money market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

10.9.2 A money market instrument shall be regarded as normally dealt in on the money market if it:

10.9.2.1 has a maturity at issuance of up to and including 397 days;

10.9.2.2 has a residual maturity of up to and including 397 days;

10.9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

10.9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which

has a maturity as set out in paragraphs 10.9.2.1 or 10.9.2.2 or is subject to yield adjustments as set out in paragraph 10.9.2.3.

10.9.3 A money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder.

10.9.4 A money market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

10.9.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

10.9.4.2 based either on market data or on valuation models including systems based on amortised costs.

10.9.5 A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

10.10 Transferable securities and approved money market instruments generally to be admitted to or dealt in on an eligible market

10.10.1 Transferable securities and approved money market instruments held within the Company must be:

10.10.1.1 admitted to or dealt on an eligible market (as described in paragraphs 10.11.1.1 or 10.11.1.2); or

10.10.1.2 admitted to or dealt on an eligible market (as described in paragraph 10.11.2); or

10.10.1.3 for an approved money market instrument not admitted to or dealt in on an eligible market, within paragraph 10.12.1; or

10.10.1.4 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible

market; and such admission is secured within a year of issue).

10.10.2 Not more than 10% in value of the scheme property of the Company is to consist of transferable securities and approved money market instruments other than those referred to in paragraph 10.10.1.

10.11 Eligible markets requirements

10.11.1 A market is eligible for the purposes of the rules if it is:

10.11.1.1 a regulated market; or

10.11.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public;

10.11.1.3 any market within paragraph 10.11.2.

10.11.2 A market not falling within paragraph 10.11.1.1 or 10.11.1.2 is eligible for the purposes of Chapter 5 of the FSA Rules if:

10.11.2.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the scheme property;

10.11.2.2 the market is included in a list in the Prospectus; and

10.11.2.3 the Depositary has taken reasonable care to determine that:

- (a) adequate custody arrangements can be provided for the investment dealt in on that market; and
- (b) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

10.11.3 In paragraph 10.11.2.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.

10.11.4 The eligible markets for the Company are set out below at section 11.

10.12 Money market instruments with a regulated issuer

10.12.1 In addition to instruments admitted to or dealt in on an eligible market, where consistent with the Company's investment objective and policy, the Company may invest in an approved money market instrument provided it fulfils the following requirements:

10.12.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

10.12.1.2 the instrument is issued or guaranteed in accordance with paragraph 10.13.

10.12.2 The issue or the issuer of a money market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

10.12.2.1 the instrument is an approved money market instrument;

10.12.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 10.14; and

10.12.2.3 the instrument is freely transferable.

10.13 **Issuers and guarantors of money market instruments**

10.13.1 Where consistent with the Company's investment objective and policy, the Company may invest in an approved money market instrument if it is:

10.13.1.1 issued or guaranteed by any one of the following:

(a) a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

(b) a regional or local authority of an EEA State;

(c) the European Central Bank or a central bank of an EEA State;

(d) the European Union or the European Investment Bank;

(e) a non-EEA State or, in the case of a federal state, one of the members making up the federation;

(f) a public international body to which one or more EEA States belong; or

10.13.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

10.13.1.3 issued or guaranteed by an establishment which is:

(a) subject to prudential supervision in accordance with criteria defined by Community law; or

(b) subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law.

10.13.2 An establishment shall be considered to satisfy the requirement in 10.13.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

10.13.2.1 it is located in the European Economic Area;

10.13.2.2 it is located in an OECD country belonging to the Group of Ten;

10.13.2.3 it has at least investment grade rating;

10.13.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by Community law.

10.14 **Appropriate information for money market instruments**

10.14.1 In the case of an approved money market instrument within paragraph 10.13.1.2 or which is issued by an authority within paragraph 10.13.1.1(b) or a public international body within paragraph 10.13.1.1(f) but is not guaranteed by a central authority within paragraph 10.13.1.1(a), the following information must be available:

10.14.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

10.14.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

- 10.14.1.3 available and reliable statistics on the issue or the issuance programme.
- 10.14.2 In the case of an approved money market instrument issued or guaranteed by an establishment within paragraph 10.13.1.3, the following information must be available
 - 10.14.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument updates of that information on a regular basis and whenever a significant event occurs; and
 - 10.14.2.2 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 10.14.3 In the case of an approved money market instrument:
 - 10.14.3.1 within paragraphs 10.13.1.1(a), 10.13.1.1(d) or 10.13.1.1(e); or
 - 10.14.3.2 which is issued by an authority within paragraph 10.13.1.1(b) or a public international body within paragraph 10.13.1.1(f) and is guaranteed by a central authority within paragraph 10.13.1.1(a);

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

10.15 **Spread: general**

- 10.15.1 This paragraph 10.15 on spread does not apply to government and public securities.
- 10.15.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 10.15.3 Not more than 20% in value of the scheme property of the Company is to consist of deposits with a single body.

- 10.15.4 Not more than 5% in value of the scheme property of the Company is to consist of transferable securities or approved money market instruments issued by any single body.
- 10.15.5 The limit of 5% in paragraph 10.15.4 is raised to 10% in respect of up to 40% in value of the scheme property of the Company.
- 10.15.6 In applying paragraphs 10.15.4 and 10.15.5 certificates representing certain securities are treated as equivalent to the underlying security.
- 10.15.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of scheme property of the Company; this limit is raised to 10% where the counterparty is an Approved Bank.
- 10.15.8 Not more than 20% in value of the scheme property of the Company is to consist of transferable securities or approved money market instruments issued by the same group (as referred to in paragraph 10.15.2).
- 10.15.9 Not more than 20% in value of the scheme property of the Company is to consist of the units of any one collective investment scheme.
- 10.15.10 In applying the limits in paragraphs 10.15.43 to 10.15.7 not more than 20% in value of the scheme property of the Company is to consist of any combination of two or more of the following:
- 10.15.10.1 transferable securities or approved money market instruments issued by; or
 - 10.15.10.2 deposits made with; or
 - 10.15.10.3 exposure from OTC derivatives transactions made with
 - 10.15.10.4 a single body.
- 10.15.11 For the purpose of calculating the limits in paragraphs 10.15.7 and 10.15.10, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified in paragraph 10.15.12.
- 10.15.12 The conditions referred to in 10.15.11 are that the collateral:
- 10.15.12.1 is marked-to-market on a daily basis and exceeds the value of the amount at risk;

10.15.12.2 is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

10.15.12.3 is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

10.15.12.4 can be fully enforced by the Company at any time.

10.15.13 For the purpose of calculating the limits in paragraphs 10.15.7 and 10.15.10, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

10.15.13.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to Directive 2006/48/EC; and

10.15.13.2 are based on legally binding agreements.

10.15.14 In applying this paragraph 10.15, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

10.15.14.1 it is backed by an appropriate performance guarantee; and

10.15.14.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

10.16 **Spread: Government and public securities**

10.16.1 The restrictions in paragraph 10.15 do not apply to Government and public securities ("such securities"). The restrictions in relation to such securities are set out below.

10.16.2 No more than 35% in value of the scheme property of the Company may be invested in such securities issued by any one body. Subject to this, there is no limit on the amount which may be invested in such securities or in such securities issued by any one body or of any one issue.

10.16.3 In relation to such securities:

- 10.16.3.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 10.16.3.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 10.16.4 Notwithstanding paragraph 10.15.1 and subject to paragraphs 10.16.2 and 10.16.3, in applying the 20% limit in paragraph 10.15.10 with respect to a single body, government and public securities issued by that body shall be taken into account.

10.17 **Investment in collective investment schemes**

- 10.17.1 **The investment policy of the Company permits investment in units of collective investment schemes.**
- 10.17.2 The maximum level of management fees that may be charged to the Company will be 7%.
- 10.17.3 The Company may invest in units or shares of other collective investment schemes provided that no more than 30% of the value of the Company is in collective investment schemes which are not UCITS schemes and provided that:
 - 10.17.3.1 the other collective investment scheme is a scheme which:
 - (a) complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - (b) is authorised as a non-UCITS retail scheme (provided the requirements of Article 19(1)(e) of the UCITS Directive are met); or
 - (c) is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (Schemes authorised in designated countries or territories); or
 - (d) is authorised in another EEA State (provided the requirements of Article 19(1)(e) of the UCITS Directive are met);
 - 10.17.3.2 it is a scheme which complies where relevant with rule 5.2.15R of the FSA Rules (Investment in associated collective investment schemes) i.e. that the scheme may only invest in other group schemes

(other collective investment schemes which are managed and operated by the ACD or an Associate of the ACD) provided there is no double charging of the preliminary charge on the basis set out in 10.17.3.7 to 10.17.3.9;

- 10.17.3.3 it is a scheme which complies where relevant with rule 5.2.16R of the FSA Rules (Investment in other group schemes);
- 10.17.3.4 it is a scheme which has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes;
- 10.17.3.5 for the purposes of paragraphs 10.16 and 10.17 each sub-fund of an umbrella scheme is to be treated as if it were a separate scheme but no sub-fund of an umbrella scheme may invest in another sub-fund of that umbrella scheme.
- 10.17.3.6 as mentioned below, the Company must not acquire more than 25% of the units of a single collective investment scheme;
- 10.17.3.7 in accordance with rule 5.2.15R of the FSA Rules the Company may include units in collective investment schemes managed or operated by (or, if it is an OEIC, has as its ACD) the ACD of the Company or an associate of the ACD.
- 10.17.3.8 the Company must not invest in or dispose of units in another collective investment scheme (the second scheme), which is managed or operated by (or in the case of an OEIC, whose ACD is), the authorised fund manager of such authorised fund, or an associate of that ACD, unless:
 - (a) the ACD of the Company is under a duty to pay to the Company by the close of business on the fourth business day next after the agreement to buy or to sell the amount referred to in paragraphs (c) and (d);
 - (b) there is no charge in respect of the investment in or the disposal of units in the second scheme;
 - (c) on investment, either:

- (i) any amount by which the consideration paid by the Company for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
 - (ii) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;
- (d) on disposal, the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal; and

10.17.3.9 in paragraphs 10.17.3.8(a) to 10.17.3.8(d) above:

- (a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy or SDRT provision made is to be treated as part of the price of the units and not as part of any charge; and
- (b) any switching charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

10.18 **Investment in nil and partly paid securities**

A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at the time when payment is required, without contravening the rules in this section.

10.19 **Derivatives: General**

10.19.1 Under the FSA Rules derivatives are permitted for UCITS schemes for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objectives or both.

10.19.2 **The property of the Company may be invested in derivatives and forward transactions under the FSA Rules for the purposes**

of hedging and/or meeting its investment objectives. It is not intended that the use of derivatives in this way will cause the Net Asset Value of the Company to have high volatility or otherwise cause its existing risk profile to change materially.

- 10.19.3 A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 10.20; and the transaction is covered, as required by paragraph 10.32.
- 10.19.4 Where the Company invest in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 10.15 and 10.16 except for index based derivatives provided the relevant index falls within paragraph 10.19.8.
- 10.19.5 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 10.19.6 A transferable security or an approved money market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 10.19.6.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - 10.19.6.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - 10.19.6.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.
- 10.19.7 A transferable security or an approved money market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money market instrument. That component shall be deemed to be a separate instrument.

10.19.8 Where the Company invests in an index based derivative, provided the relevant index falls within paragraph 10.2130, the underlying constituents of the index do not have to be taken into account for the purposes of the paragraphs 10.15 and 10.16. The relaxation is subject to the ACD continuing to ensure that the property of the Company provides a prudent spread of risk.

10.20 **Permitted transactions (derivatives and forwards)**

10.20.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 10.24

10.20.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:

10.20.2.1 transferable securities permitted under 10.10.1,

10.20.2.2 approved money market instruments,

10.20.2.3 permitted deposits,

10.20.2.4 derivatives permitted under this paragraph,

10.20.2.5 collective investment scheme units permitted under paragraph 10.17

10.20.2.6 financial indices which satisfy the criteria set out in paragraph 10.21,

10.20.2.7 interest rates,

10.20.2.8 foreign exchange rates; and

10.20.2.9 currencies.

10.20.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

10.20.4 A transaction in a derivative must not cause the Company to diverge from their investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.

10.20.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money market instruments, units in collective investment schemes, or derivatives.

10.20.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

10.20.7 A derivative includes an instrument which fulfils the following criteria:

10.20.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

10.20.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 10.4 including cash;

10.20.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 10.24.

10.20.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

10.20.8 The scheme may not undertake transactions in derivatives on commodities.

10.21 **Financial indices underlying derivatives**

10.21.1 The financial indices referred to in paragraph 10.20.2.6 are those which satisfy the following criteria:

10.21.1.1 the index is sufficiently diversified;

10.21.1.2 the index represents an adequate benchmark for the market to which it refers; and

10.21.1.3 the index is published in an appropriate manner.

10.21.2 A financial index is sufficiently diversified if:

10.21.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

- 10.21.2.2 where it is composed of assets in which the scheme is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
 - 10.21.2.3 where it is composed of assets in which the scheme cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section 10.
- 10.21.3 A financial index represents an adequate benchmark for the market to which it refers if:
 - 10.21.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - 10.21.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
 - 10.21.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 10.21.4 A financial index is published in an appropriate manner if:
 - 10.21.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - 10.21.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 10.21.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 10.20 be regarded as a combination of those underlyings.

10.22 Transactions for the purchase of property

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that property can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

10.23 Requirement to cover sales

10.23.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

10.23.2 Paragraph 10.23.1 does not apply where:

10.23.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

10.23.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the scheme property which falls within one of the following asset classes:

(a) cash;

(b) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

(c) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

10.23.2.3 In the asset classes referred to in paragraph 10.23.2.2 an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely

corresponding to the current valuation of the financial instrument on its own market.

10.24 OTC transactions in derivatives

10.24.1 Any transaction in an OTC derivative under paragraph 10.20 must be:

10.24.1.1 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

10.24.1.2 on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with the Company: to provide at least daily and at any other time at the request of the Company, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and that it or an alternative counterparty will, at the request of the Company, enter into a further transaction to sell, liquidate or close out that transaction at any time, at a fair value arrived at under the reliable market value basis or pricing model agreed under paragraph 10.24.1.3; and

10.24.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the ACD and the Depositary have

agreed uses an adequate recognised methodology;
and

10.24.1.4 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

10.25 **Risk Management**

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Company's positions and their contribution to the overall risk profile of the Company.

10.26 **Investment in deposits**

The Company may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

10.27 **Significant influence**

10.27.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

10.27.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or

10.27.1.2 the acquisition gives the Company that power.

10.27.2 For the purpose of paragraph 10.27.1.2, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in

that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

10.28 **Concentration**

A UCITS scheme:

10.28.1 must not acquire transferable securities (other than debt securities) which:

10.28.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

10.28.1.2 represent more than 10% of those securities issued by that body corporate;

10.28.2 must not acquire more than 10% of the debt securities issued by any single body;

10.28.3 must not acquire more than 25% of the units in a collective investment scheme;

10.28.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and

10.28.5 need not comply with the limits in paragraphs 10.28.1.1 to 10.28.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

10.29 **Schemes replicating an index**

10.29.1 Notwithstanding paragraph 10.15, the Company may invest up to 20% in value of the property of the Company in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index which satisfies the criteria in paragraph 10.30.

10.29.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

10.29.3 The 20% limit can be raised for the Company up to 35% in value of the property of the Company, but only in respect of one body and where justified by exceptional market conditions.

10.30 **Relevant indices**

- 10.30.1 The indices referred to in paragraph 10.29 are those which satisfy the following criteria:
 - 10.30.1.1 the composition is sufficiently diversified;
 - 10.30.1.2 the index represents an adequate benchmark for the market to which it refers; and
 - 10.30.1.3 the index is published in an appropriate manner.
- 10.30.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.
- 10.30.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 10.30.4 An index is published in an appropriate manner if:
 - 10.30.4.1 it is accessible to the public;
 - 10.30.4.2 the index provider is independent from the index-replicating fund; this does not preclude index providers and the Company from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

10.31 **Derivatives exposure**

- 10.31.1 The Company may invest in derivatives and forward transactions as long as the exposure to which the Company is committed by that transaction itself is suitably covered from within its property. Exposure will include any initial outlay in respect of that transaction.
- 10.31.2 Cover ensures that the Company is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the property of the Company. Therefore, the Company must hold property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 10.23 sets out detailed requirements for cover of the Company.

10.31.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

10.32 **Cover for transactions in derivatives and forward transactions**

10.32.1 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the Company is or may be committed by another person is covered globally.

10.32.2 Exposure is covered globally if adequate cover from within the property of the Company is available to meet its total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

10.32.3 Cash not yet received into the property of the Company but due to be received within one month is available as cover.

10.32.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

10.32.5 The total exposure relating to derivatives held in the Company may not exceed the net value of the property of the Company.

10.33 **Cash, borrowing, lending and other provisions**

10.33.1 Paragraph 10.34 applies to the ACD.

10.33.2 Paragraph 10.35 applies to the Company, except paragraphs 10.35.3 and 10.35.4 which apply to the ACD.

10.33.3 Paragraph 10.36 applies to the ACD.

10.33.4 Paragraph 10.37 applies to the Company.

10.33.5 Paragraph 10.38 applies to the Company, except for paragraph 10.38.4 which applies to the Company or to the Depositary.

10.33.6 Paragraph 10.39 applies to the Company.

10.33.7 Paragraph 10.40 applies to the Company or the Depositary.

10.34 **Cash and near cash**

10.34.1 Cash and near cash must not be retained in the scheme property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

10.34.1.1 the pursuit of the Company's investment objectives;
or

10.34.1.2 redemption of Shares; or

10.34.1.3 efficient management of the Company in accordance with its investment objectives; or

10.34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Company.

10.34.2 During the period of an initial offer the scheme property may consist of cash and near cash without limitation.

10.35 **Borrowing Powers**

10.35.1 The Company may, in accordance with this paragraph, borrow money for the use of the Company, on the terms that the borrowing is to be repayable out of the scheme property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the instrument constituting the Company.

10.35.2 The Company may borrow under paragraph 10.35.1 only from an Eligible Institution or an Approved Bank.

10.35.3 The ACD must ensure that any borrowing is on a temporary basis, and that borrowings are not persistent and, for this purpose the ACD must have regard in particular to:

10.35.3.1 the duration of any period of borrowing, and

10.35.3.2 the number of occasions on which borrowing is undertaken in any period;

10.35.4 In addition to complying with paragraph 10.35.3, the ACD must ensure that no period of borrowing exceeds 3 months without the consent of the Depositary, whether in respect of any specific sum or at all. The Depositary's consent may be given only on such conditions as appears to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis.

10.35.5 These borrowing restrictions do not apply to back-to-back borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

10.36 Borrowing Limits

10.36.1 The ACD must ensure that the Company's borrowing does not, on any business day, exceed 10% of the value of the scheme property of the Company.

10.36.2 This limit does not apply to "back to back" borrowing.

10.36.3 In this paragraph 10.36, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the scheme property in the expectation that the sum will be repaid.

10.37 Restrictions on lending of money

10.37.1 None of the money in the scheme property of the Company may be lent and, for the purposes of this prohibition, money is lent by the Company if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

10.37.2 Acquiring a debenture is not lending for the purposes of paragraph 10.37.1; nor is the placing of money on deposit or in a current account.

10.37.3 Paragraph 10.37.1 does not prevent the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

10.38 Restrictions on lending of property other than money

10.38.1 The scheme property of the Company other than money must not be lent by way of deposit or otherwise.

10.38.2 Transactions permitted by paragraph 10.41 are not lending for the purposes of paragraph 10.38.1.

10.38.3 The scheme property of the Company must not be mortgaged.

10.38.4 Nothing in these restrictions prevents the Company or Depositary at the request of the Company from lending depositing pledging or charging scheme property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with any other rules in Chapter 5 of the FSA Rules.

10.39 General power to accept or underwrite placings

10.39.1 Any power in Chapter 5 of the FSA Rules to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation.

10.39.2 This section applies, subject to paragraph 10.39.3, to any agreement or understanding:

10.39.2.1 which is an underwriting or sub-underwriting agreement; or

10.39.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Company.

10.39.3 Paragraph 10.39.2 does not apply to:

10.39.3.1 an option; or

10.39.3.2 a purchase of a transferable security which confers a right:

(a) to subscribe for or acquire a transferable security; or

(b) to convert one transferable security into another.

10.39.4 The exposure of the Company to agreements and understandings within paragraph 10.39.2 must, on any business day:

10.39.4.1 be covered in accordance with the requirements of rule 5.3.3R of the FSA Rules; and

10.39.4.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the FSA Rules.

10.40 **Guarantees and indemnities**

10.40.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

10.40.2 None of the scheme property of the Company may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

10.40.3 Paragraphs 10.40.1 and 10.40.2 do not apply to:

10.40.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with chapter 5 of the FSA Rules;

10.40.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

10.40.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the scheme property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the scheme property; and

10.40.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first shareholders in the Company.

10.41 **Stocklending**

10.41.1 As an extension of EPM, the Company (or the Depositary at the request of the Company) may enter into stocklending arrangements or repo contracts if it reasonably appears to the ICVC or ACD to be appropriate to do so with a view to generating additional income for the fund with an acceptable degree of risk.

10.41.2 Any stocklending arrangements or repo entered into must be of the kind described in section 263 B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263 C), but only if:

10.41.2.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;

10.41.2.2 the counterparty is:

- (a) an authorised person; or
- (b) a person authorised by a Home State regulator; or
- (c) a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
- (d) a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and

10.41.2.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in 38.3.1 and the collateral is:

- (a) acceptable to the Depositary;
- (b) adequate ; and
- (c) sufficiently immediate .

10.41.3 The counterparty for the purpose of paragraph 10.41.2 is the person who is obliged under the agreement referred to in paragraph 10.41.2.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

10.41.4 Paragraph 10.41.2.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

10.42 **Treatment of collateral**

10.42.1 Collateral is adequate for the purposes of this paragraph only if it is:

10.42.1.1 transferred to the Depositary or its agent;

10.42.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and

10.42.1.3 in the form of one or more of:

10.42.1.4 cash; or

10.42.1.5 a certificate of deposit; or

10.42.1.6 a letter of credit; or

10.42.1.7 a readily realisable security ; or

10.42.1.8 commercial paper with no embedded derivative content; or

10.42.1.9 a qualifying money market fund.

10.42.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 10.17.3.3 must be complied with.

10.42.3 Collateral is sufficiently immediate for the purposes of this paragraph if:

10.42.3.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or

10.42.3.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 10.42.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.

10.42.4 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. Each day, collateral held in respect of each stocklending

transaction is revalued. Where, due to market movements, the value of the collateral is less than the value of the loaned securities, the Company is entitled to call for additional collateral from the counterparty such that the value of the collateral and margin requirements is maintained. In the event there is a decline in the value of the collateral which exceeds the value of the margin held by the depositary, a counterparty credit risk will arise pending delivery of the additional collateral. In the normal course of events, additional collateral is delivered the following business day.

10.42.5 The duty in paragraph 10.42.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

10.42.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this section, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.

10.42.7 Collateral transferred to the Depositary is part of the scheme property for the purposes of the rules in the COLL Sourcebook, except in the following respects:

10.42.7.1 it does not fall to be included in any calculation of NAV or this section, because it is offset under paragraph 10.42.6 by an obligation to transfer; and

10.42.7.2 it does not count as scheme property for any purpose of this section other than this paragraph.

10.42.8 Paragraphs 10.42.6 and 10.42.7.1 do not apply to any valuation of collateral itself for the purposes of this paragraph.

11. **ELIGIBLE MARKETS**

The Company may deal through securities markets established in an EEA State on which transferable securities and money market instruments admitted to official listing in the EEA State are dealt in or traded.

The Company may also deal through the securities markets and derivatives markets indicated below:

ELIGIBLE SECURITIES MARKETS		
Australia	Australian Stock Exchange	X
Canada	Toronto Stock Exchange	X
China	Shanghai Stock Exchange	X
Hong Kong	Hong Kong Exchanges & Clearing	X
Indonesia	Indonesia Stock Exchange (Bursa Efek Indonesia)	X
Japan	Tokyo Stock Exchange	X
Japan	Osaka Stock Exchange	X
Japan	Tokyo Over-the-Counter	X
Korea	Korea Stock Exchange	X
Malaysia	Kuala Lumpur Stock Exchange	X
New Zealand	New Zealand Stock Exchange	X
Philippines	Philippines Stock Exchange (trading floors in mainland Makati)	X
Singapore	Singapore Stock Exchange	X
Switzerland	Swiss Exchanges	X
Taiwan	Taiwan Stock Exchange	X
Thailand	Securities Exchange of Thailand	X
United Kingdom	Alternative Investment Market	X
United States	American Stock Exchange	X
United States	New York Stock Exchange	X
Other	International Capital Market Association	X

ELIGIBLE DERIVATIVES MARKETS		
France	Euronext Paris Matif	X
France	Euronext Paris Monep	X
Germany	EUREX	X
Hong Kong	Hong Kong Futures Exchange	X
Japan	Tokyo Stock Exchange	X
Korea	Korea Exchange (KRX)	X
Singapore	Singapore International Monetary Exchange	X
Spain	Madrid Futures & Options Market	X
Sweden	OMX Nordic Exchange Stockholm	X
Switzerland	Eurex Zurich	X
UK	LIFFE	X
UK	OMLX The London Securities and Derivatives Exchange Limited	
United States	Chicago Board Options Exchange	X
United States	Chicago Board of Trade	X
United States	New York Stock Exchange	X
United States	American Stock Exchange	X
United States	Chicago Mercantile Exchange	X
United States	Philadelphia Stock Exchange	X
United States	NYSE ARCA	

12. DISTRIBUTION OF INCOME

- 12.1 The Company's annual accounting period ends on 30 November in each year, with an interim accounting period ending on 31 May in each year. The first accounting period of the Company shall end on 30 November 2005. Notwithstanding these dates, under the FSA Rules the ACD may, with the agreement of the Depositary, elect that a particular accounting period shall end on a day which is not more than seven days after or before the day on which the period would otherwise end. References to the above dates and the dates of income allocation periods and of publication of the yearly and half yearly report of the Company should be read accordingly.
- 12.2 Allocation of income to holders of Accumulation Shares will be transferred to the capital property of the Company yearly on 30 November and be reflected in the value of Shares on the first business day following that income allocation date.
- 12.3 Any distribution of income that is unclaimed for a period of six years after having become due for payment, shall be forfeited and shall revert to the Company.
- 12.4 Included in the price of Shares will be an income equalisation amount representing the value of income attributable to the Share in question accrued since the end of the last accounting period (interim or final as the case may be).
- 12.5 Grouping for equalisation is permitted under the Instrument of Incorporation and arises during the allocation period of the Company. Shares purchased during the allocation period will carry an entitlement to equalisation which is the amount arrived at on an average basis of the accrued net income per Share included in the price of Shares issued or re-issued during the allocation period. An equalisation amount may be included as part of any income allocation to shareholders and represents a return of capital rather than income.

13. HOW DISTRIBUTABLE INCOME IS DETERMINED

- 13.1 The income available for distribution or accumulation in relation to the Company is determined in accordance with the FSA Rules. In general terms, the income comprises all the sums deemed by the Company, after consultation with the Auditors, to be income in nature and received or receivable by the Company in respect of the accounting period concerned, after deducting charges and expenses paid or payable out of such income and after making such adjustments in relation to taxation and other matters. The allocation of income to each Share Class is made after allowing for the effect, including attributable taxation, of any charges or expenses made on bases which vary by Share Class.
- 13.2 Income relating to the Company is allocated at each Valuation Point among Classes of Shares in proportion to the value of each Share Class relative to the value of the entire Company as at the immediately preceding Valuation Point

including any share class creation and cancellation movements applied at the immediately preceding Valuation Point.

14. CHARACTERISTICS OF SHARES

14.1 Classes of Shares

Several Classes of Share may be issued in respect of the Company, distinguished by their criteria for subscription and fee structure.

All Classes are denominated in Sterling.

A Shares £3,000 minimum initial investment and £1,500 minimum subsequent investment. Shareholders must maintain a minimum holding of £2,000 in any one fund. For investors via an Insight Investment Regular Savings Plan the minimum initial and subsequent investment is £250 per month. The minimum amount that may be redeemed at any one time is £500 subject to the minimum holding.

B Shares £500,000 minimum initial investment and £100,000 minimum subsequent investment. Shareholders must maintain a minimum holding of Shares of £100,000. The minimum amount that may be redeemed at any one time is £10,000 subject to the minimum holding.

Ptrs1 Shares Shares are only available to investors who have entered into a separate agreement with the ACD or one of its associates. There is no minimum initial or subsequent subscription and no minimum redemption amount.

F Shares £3,000 minimum initial investment and £1,500 minimum subsequent investment. Shareholders must maintain a minimum holding of £2,000 in any one fund. For investors via an Insight Investment Regular Savings Plan the minimum initial and subsequent investment is £250 per month. The minimum amount that may be redeemed at any one time is £500 subject to the minimum holding.

S Shares Shares are only available to investors who have entered into a separate agreement with the ACD or one of its associates. Subject to the terms of any such separate agreement: (1) there is a £3,000,000 minimum initial investment and £1,000,000 minimum subsequent investment (2) Shareholders must maintain a minimum holding of £3,000,000 in any one fund and (3) the minimum amount

that may be redeemed at any one time is £1,000,000 subject to the minimum holding.

In addition, each Class may be made available in both Income Shares and Accumulation Shares. Currently Accumulation Shares only are available. The Classes of Share presently available are set out in section 14.2 below.

The limits for minimal initial investment and minimum subsequent investment may be waived at the discretion of the ACD.

14.2 **Classes of Shares**

All references in this Prospectus to Income Shares and Accumulation Shares are to both net Income and net Accumulation Shares unless otherwise stated.

14.2.1 Income Shares

Holders of Income Shares are entitled to be paid the distributable income attributed to such Shares.

14.2.2 Accumulation Shares

Holders of Accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Company on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation Share.

The Instrument of Incorporation allows gross Income and gross Accumulation Shares to be issued as well as net Income and net Accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of Income Shares) or credited periodically to capital (in the case of Accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are Income or Accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. Currently, however, only net Income and net Accumulation Shares are available, and all references in this Prospectus to Income and Accumulation Shares are to net income and net accumulation Shares.

Where the Company has different Classes, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within the Company will be adjusted accordingly.

14.2.3 The Classes of Shares currently available are set out below:

Share Class
A Accumulation Shares
B Accumulation Shares
Ptrs1 Accumulation Shares
F Accumulation Shares
S Accumulation Shares

14.3 **Bearer Shares**

The Instrument of Incorporation permits the Company to issue bearer shares. However, the Company only intends to issue registered shares at present.

14.4 **Title to Shares**

The title to Shares is evidenced by entries on the Register of Shareholders. Certificates for Shares will not be issued.

14.5 **Shares to Different Denominations**

In order to calculate fractional entitlements of less than one Larger Denomination Share, Shares are expressed in two denominations - Larger Denomination Shares and Smaller Denomination Shares.

14.5.1 The Smaller Denomination Shares are whole Shares which carry a fraction of one thousandth of the rights of a Larger Denomination Share.

14.5.2 Whenever the number of any such Smaller Denomination Shares shall reach one thousand, the ACD shall consolidate the Smaller Denomination Shares into one Larger Denomination Share of the same Class.

14.6 **Investor Profile**

The Company is designed to be marketable to retail investors.

15. **SHAREHOLDER MEETINGS AND VOTING RIGHTS**

15.1 The Company does not hold annual general meetings.

15.2 The ACD may requisition a general meeting at any time.

- 15.3 Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.
- 15.4 In certain circumstances, the FSA Rules require that a resolution be passed as an extraordinary resolution, which is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution. In other cases, a resolution may be passed by a simple majority of the votes validly cast for and against the resolution.
- 15.5 Prior to each general meeting a Director other than the ACD or an associate of the ACD or, if no such nomination is made, the Depositary, shall nominate an individual to act as chairman and if that person is not present within fifteen minutes (which shall be deemed a reasonable time) after the time appointed for holding the meeting or is not willing to act, the Shareholders present shall choose one of their number to be chairman of the meeting.
- 15.6 The chairman of any quorate general meeting may with the consent of the general meeting, adjourn the meeting from time to time (or without specifying date) and from place to place, and if he is directed by the general meeting to adjourn he must do so. No business can be transacted at an adjourned general meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.
- 15.7 At any meeting of Shareholders a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, by the Depositary or, by at least two Shareholders present in person or by proxy, or in the case of a body corporate, by a duly authorised representative.
- 15.8 On a show of hands every Shareholder who (being an individual) is present in person or by proxy shall have one vote.
- 15.9 On a poll, Shareholders may vote either in person or by proxy. The voting rights of each Share reflect the value of that Share as a proportion of all the Shares in issue on the date seven days (which shall be deemed a reasonable time) before the notice of meeting is sent out.
- 15.10 The quorum at a meeting of Shareholders shall be two Shareholders present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum.

- 15.11 A corporation being a Shareholder may authorise such person as it thinks fit to act as its representative at any meeting of Shareholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Shareholder.
- 15.12 Where an extraordinary resolution is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under COLL 4.4.8R(4) from voting, a resolution may, with the prior written agreement of the Depositary to the process, instead be passed with the written consent of the shareholder representing 75% of the Shares in issue.
- 15.13 The ACD shall be entitled to receive notice of and attend at any such meeting but shall not be entitled to vote or be counted in the quorum thereof and accordingly, the Shares held or deemed to be held by the ACD shall not be regarded as being in issue.
- 15.14 Any associate of the ACD shall not be entitled to vote at any such meeting except in respect of Shares which he holds on behalf of a person who, if himself the registered holder, would be entitled to vote, and from whom he has received voting instructions.
- 15.15 In the case of joint Shareholders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.
- 15.16 "Shareholders" in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which is a reasonable time before the notice of the relevant meeting is sent out.

16. **CLASS RIGHTS**

The rights attached to a Class of Shares may only be amended by a class meeting of Shareholders of that Class of Shares. Any amendment to the Instrument of Incorporation that relates to a particular Class or Classes of Shares and does not prejudice the Shareholders of any other Share Class may be made by an extraordinary resolution passed at a class meeting.

The provisions regarding the conduct of meetings set out above shall apply to Share Class meetings, but by reference to the Share Class concerned and the prices of Shares in such Share Class.

17. VALUATION

17.1 The property of the Company is valued daily at the Valuation Point on each Dealing Day in order to determine the price at which Shares may be purchased from or redeemed by the ACD and created or cancelled by the Company. There will only be a single price for any share as determined from time to time by reference to a particular Valuation Point.

17.2 The ACD reserves the right to carry out an additional valuation to the property of the Company if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out an additional valuation.

17.3 An outline of the basis on which the property of the Company is valued is as follows:

17.3.1 Units or shares in a collective investment scheme:

17.3.1.1 if a single price for buying and redeeming units or shares is quoted, at that price; or

17.3.1.2 if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

17.3.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares at a value which, in the opinion of the ACD, is fair and reasonable;

17.3.2 Exchange-traded derivative contracts:

17.3.2.1 if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

17.3.2.2 if separate buying and selling prices are quoted, at the average of the two prices;

17.3.3 Over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

17.3.4 Any other investments:

- 17.3.4.1 if a single price for buying and redeeming the security is quoted, at that price; or
 - 17.3.4.2 if separate buying and redemption prices are quoted, at the average of the two prices; or
 - 17.3.4.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares at a value which in the opinion of the ACD, is fair and reasonable;
 - 17.3.5 Any property other than that described above: at a value which, in the opinion of the ACD, is fair and reasonable.
 - 17.3.6 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
 - 17.3.7 Deductions are made for anticipated tax liabilities, the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings and for an estimated amount in respect of other liabilities payable out of a fund.
 - 17.3.8 An amount is added in respect of estimated recoverable tax of whatever nature which may be recoverable, a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received and any other amounts due to be paid into the fund.
 - 17.3.9 Currencies or values in currencies other than Sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
 - 17.3.10 Where the ACD has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the ACD's best estimate of the value of the relevant investment at the relevant Valuation Point or no price or no recent price exists, the ACD may use a price which, in the opinion of the ACD reflects a fair and reasonable price for that investment (the fair value price).
- 17.4 The proportionate interests of each Share Class in the assets and income of a fund shall be determined by the ACD as the proportion of the property of that fund that is held by that Share Class at the end of the previous business day.

17.5 The proportion of assets and income allocated to each Share Class is made after allowing for the effect, including attributable taxation, of any charges and expenses made on bases which vary by Share Class.

17.6 The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge, redemption charge or stamp duty reserve tax provision is payable in addition to that price.

18. CHARGES

All fees and expenses payable out of the property of the Company or by Shareholders are set out in this section, section 18.5 and section 20.

18.1 Preliminary Charge

The ACD is permitted to make a preliminary charge on the sale of Shares to an investor. The percentage rates of charge are shown in the table below. See section 18.3.

Preliminary Charge as a Percentage of the Price of Shares				
£				
A Shares	B Shares	Ptrs1 Shares	F Shares	S Shares
4%	3%	N/A	0%	0%

The ACD may not increase the preliminary charge unless it does so in accordance with the FSA Rules.

18.2 Periodic Charges

18.2.1 The ACD may make a periodic charge which shall be paid out of the property of the Company monthly in arrear at the annual percentage rate shown in the table in section 18.2.3 below. This is calculated and accrued daily, based on the value of the property of the Company on the preceding business day.

18.2.2 This charge will be deducted from the income property of the Company.

18.2.3 Where the charge is normally deducted from the income of the Company but the income generated is insufficient, the charge may then be deducted from the capital property of the Company.

Annual Periodic Charge

£				
A Shares	B Shares	Ptrs1 Shares	F Shares	S Shares
1.5%	0.75%	0.8%	1.0%	0%

18.2.4 The ACD may not increase any charge it takes from the Company unless it does so in accordance with the FSA Rules.

18.2.5 The overall level of management fees that may be charged to the Company, including the annual management fees of collective investment schemes in which it invests will not exceed 7% of scheme property per annum.

18.3 Dilution

A fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments.

These costs could have an adverse effect on the value of the funds, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating single swinging pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the funds.

The dilution adjustment is calculated using the estimated dealing costs of the fund's underlying investment and taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed.

The ACD's current policy is that it will normally make a dilution adjustment whenever there are net purchases or net sales of Shares. Where the fund is experiencing net acquisitions of its Shares the dilution adjustment would increase the price of Shares above their mid-market value. Where the fund is experiencing net redemptions the dilution adjustment would decrease the price of Shares to below their mid-market value. A dilution adjustment will not be charged where purchases and sales of shares exactly balance one another. In the event that a dilution adjustment is made it will be applied to all transactions in the fund during the relevant Dealing Day and all transactions on that day will be dealt at a price inclusive of the dilution adjustment.

The ACD reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so.

The ACD's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied if the fund is experiencing net purchases or net sales of Shares there may be an adverse impact on the assets of the fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share.

As dilution is directly related to the inflows and outflows of monies from the fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment. However, the likelihood is that a dilution adjustment will be made every Dealing Day in each fund when Shares in that fund are purchased or sold.

The dilution adjustment will be applied to the mid price for the Shares resulting in a figure calculated to four significant figures. The price of each Class of Share in each fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of Shares of each Class identically.

As an indication of likely rates of dilution adjustment, set out below are the rates applied from 16 September 2010 to 15 December 2010:

Fund	Rate of dilution adjustment from mid-market price from 16/09/10 to 15/12/10 where experiencing net sales	Rate of dilution adjustment from mid-market from 16/09/10 to 15/12/10 where experiencing net redemptions
Insight Investment Diversified Target Return Fund	0.331%	0.338%

18.4 Expenses of the ACD

The Company will also pay to the ACD out of the scheme property any expenses incurred by the ACD or its delegates of the kinds described below under "Other payments out of the scheme property of the Company", including legal and professional expenses of the ACD and its delegates in relation to the proper

performance of the ACD's duties under the ACD Agreement, or related to documents amending the ACD Agreement.

18.5 **General Administration Charge**

The ACD may make a General Administration Charge (the General Administration Charge) which shall be paid out of the property of the funds monthly in arrears and be calculated and accrued daily based on the value of the property of the fund on the preceding business day.

The General Administration Charge reimburses the ACD for any of the costs, charges, fees and expenses in relation to the administration of a fund which it pays on behalf of the fund including the following:

- 18.5.1 all expenses incurred in preparing valuations of scheme property and publishing prices of Shares;
- 18.5.2 all postage and communication costs incurred in the proper performance of duties under the ACD Agreement;
- 18.5.3 all expenses incurred in producing and distributing any prospectus of the Company;
- 18.5.4 all expenses of the ACD in buying or selling Shares (but excluding any commissions or similar payments as the Company is prohibited from making any such payments under the FSA Rules);
- 18.5.5 the Registrar's fees (and any VAT thereon);
- 18.5.6 the costs in relation to the preparation of a simplified prospectus;
- 18.5.7 any costs incurred by the Company in publishing the prices of Shares, including the costs of listing the prices of Shares in publications and information services selected by the ACD, including the Financial Times;
- 18.5.8 any expenses incurred in relation to company secretarial duties, including all costs incurred in preparing accounts and producing and despatching annual, half-yearly and other reports of the Company;
- 18.5.9 any costs incurred in producing and despatching dividend or other payments of the Company; and
- 18.5.10 VAT where payable on the above charges.

The costs relating to the administration of the funds are based on a number of fixed and variable elements and consequently will vary from time to time (please

see the next paragraph for more detail and section 18.6 immediately below in relation to how the General Administration Charge is reviewed and adjusted). The current rate applicable for the General Administration Charge for each fund is 0.4% per annum of the Net Asset Value of the fund. The General Administration Charge may, however, be waived in whole or in part by the ACD at its discretion in relation to any fund., where the ACD considers it appropriate to do so, given the impact the General Administration Charge would otherwise have upon the total expense ratio of that fund. After taking account of any waiver, the resultant rate of the General Administration Charge for each fund will be reflected in the total expense ratio of that fund which is published by the ACD from time to time in the Company's Simplified Prospectus.

The General Administration Charge for each fund is based on a reasonable reflection of the fund administration costs which the ACD incurs across its authorised fund range. As the General Administration Charge is calculated at a single rate across the range, for any single fund the amount charged may be more or less than the costs that would be attributable to that fund if, as with a more specific charging method for the recovery of costs, these were allocated to and recovered from the fund on an individual basis for each cost. This may mean that some of the ACD's funds are in effect subsidising other funds. For the avoidance of doubt, the ACD is not accountable to Shareholders should the aggregate fees generated by the General Administration Charge in any period for a fund in fact be more than the fund administration costs actually attributable to that fund.

18.6 Increase in the Preliminary Charge or Periodic Charges and changes in the General Administration Charge

Any increase of the preliminary charge, periodic charge or General Administration Charge may be made by the ACD, if it is deemed by the ACD to be a significant rather than a fundamental change, as set out in the provisions of the FSA Rules only after giving 60 days' written notice to the Shareholders (in the case of an increase of the periodic charge and the General Administration Charge) or the regular savers (in the case of the preliminary charge).

If such a change is deemed fundamental, it will require the approval of the Shareholders.

The rate of the General Administration Charge will be reviewed by the ACD periodically, and at least every 24 months following its introduction, and if necessary adjusted, to ensure that it continues to reflect the fund administration costs which the ACD incurs.

18.7 Rebate of Preliminary Charge or Periodic Charges; Commission

The ACD may at its sole discretion rebate its preliminary or periodic charges in respect of any application for, holding of, shares. Similarly the Company may rebate or waive its charges in relation to any exchange of shares. A proportion of the preliminary charge may be rebated to the introducer (the investor's financial intermediary) in the form of commission payment. The investor should check with the intermediary the amount of commission he has received.

19. **DEPOSITARY'S REMUNERATION AND EXPENSES**

19.1 **Periodic Charge**

The remuneration of the Depositary will be paid out of the property of the Company monthly in arrear and will consist of a periodic charge, calculated and accrued daily, based on the value of the property of the Company on the preceding business day. The periodic charge will be at such annual percentage rate (before VAT) of the value of the property of the fund as the ACD and Depositary may from time to time agree. The periodic charges are 0.01% (1 basis point) on the first £50 million of each fund, 0.005% (1/2 basis point) on the next £100 million of each fund and 0.0025% (¼ basis point) on the balance of each fund.

All charges are subject to an addition for VAT.

19.2 The Depositary is also entitled to receive out of the property of the Company remuneration for performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or the FSA Rules. The Depositary's remuneration shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrear on the next following date on which payment of the Depositary's periodic charge is to be made or as soon as practicable thereafter. Currently the Depositary does not receive any remuneration under this section 19.2.

19.3 **Depositary's Expenses**

The Depositary will be reimbursed by the Company for expenses properly incurred in performing or arranging for the performance of functions conferred on it by the Regulations, the Instrument of Incorporation, the Prospectus, the FSA Rules, the Depositary Agreement or by general law. These functions may include (without limitation of the foregoing) custody, insurance, acquisition and dealing with assets of the Company; making deposits or loans, dealing with borrowings, effecting foreign currency dealings and effecting efficient portfolio management transactions, as permitted by the FSA Rules; collection of income or capital; submissions of tax returns and handling tax claims; preparation of the Depositary's annual report; calling Shareholders' meetings and communicating with Shareholders; preparing; clearing and despatching distribution warrants; obtaining professional advice; conducting legal proceedings; carrying out

administration relating to the Company; supervision of certain of the activities of the ACD and such other duties as the Depositary is permitted or required by law to perform.

On the winding up of the Company or the redemption and cancellation of a Class of Shares, the Depositary will be paid all accrued and owing fees, charges and reimbursement of expenses due up to the date of commencement of the winding up or due in relation to the redemption and cancellation of the relevant Class of Shares (as appropriate) and any additional expenses necessarily arising out of or in connection with its obligations under this Agreement.

19.3.1 The Depositary has appointed The Bank of New York Mellon (“the Custodian”) as the Custodian of the property of the Company and is entitled to receive reimbursement of the Custodian’s fees as an expense of the Company. The Bank of New York Mellon’s remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the Company’s assets are held and currently range from 0% to 0.5% per annum. The transaction and safekeeping fees for the principal investment markets of the Company currently range from £6 - £76.

19.3.2 The Depositary is also entitled to be reimbursed out of the property of the Company in respect of remuneration charged by the Custodian for such services as the ACD, the Depositary and the Custodian may from time to time agree, being services delegated to the Custodian by the Depositary in performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or FSA Rules. Remuneration charged under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrear. Currently the Custodian does not receive any remuneration under this paragraph.

19.3.3 The following further expenses may also be paid out of the property of the Company:

19.3.3.1 all charges imposed by, and expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;

19.3.3.2 all charges and expenses incurred in connection with the collection and distribution of income;

19.3.3.3 all charges and expenses incurred in relation to the preparation of the Depositary’s annual report to Shareholders;

- 19.3.3.4 all charges and expenses incurred in relation to stocklending.

Subject to current law and HM Revenue and Customs regulations, VAT at the prevailing rate may be payable in addition to the Depositary's remuneration, the Custodian's remuneration and the above expenses.

19.4 **Increase in Depositary's remuneration and expenses**

The rate of the Depositary's annual remuneration, or transaction charges or charges for custody services may be increased only in accordance with the FSA Rules.

20. **OTHER PAYMENTS OUT OF THE PROPERTY OF THE COMPANY**

20.1 In accordance with the ICVC Regulations and FSA Rules, the following payments may lawfully be made out of the property of the Company:

- 20.1.1 broker's commission, fiscal charges and other disbursements which it is necessary to incur in effecting transactions for the Company and which are normally shown in contract notes, confirmation notes and difference accounts, as appropriate.
- 20.1.2 interest on borrowings permitted under the FSA Rules and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- 20.1.3 taxation and duties payable in respect of the property of the Company or in respect of the issue of Shares, including stamp duties or other taxes or duties in relation to the transfer to the Company of assets acquired in exchange for the issue of Shares.
- 20.1.4 any costs incurred in modifying the Instrument of Incorporation, including costs incurred in respect of meetings of Shareholders convened for purposes which include the modification of the Instrument of Incorporation where the modification is necessary to implement changes in the law, or necessary as a direct consequence of any change in the law, or expedient having regard to any change in the law made by, or under, any fiscal enactment and which the ACD and the Depositary agree is in the interests of Shareholders, or to remove obsolete provisions from the Instrument of Incorporation.
- 20.1.5 any costs incurred in respect of meetings of Shareholders, or class meetings of Shareholders, including meetings convened on a requisition by Shareholders or by the ACD.
- 20.1.6 liabilities arising on amalgamation or reconstruction of the Company.

- 20.1.7 the audit fee of the Auditors of the Company (and VAT thereon) and any proper expenses of such an auditor.
- 20.1.8 the periodical fees of the FSA in respect of the Company as may be prescribed under the Financial Services and Markets Act 2000 (as amended), or any relevant regulations made thereunder and any payments otherwise due by virtue of the FSA Rules or the corresponding fees of any regulatory authority in a country or territory outside the UK in which the Shares are or may be marketed.
- 20.1.9 any fees, expenses or disbursements of any investment, legal or other professional adviser of the Company and those of the Company's sub-advisers.
- 20.1.10 all fees and expenses incurred in relation to the listing of Shares on any stock exchange, any offer of Shares (including the preparation and printing of any prospectus) and the creation, conversion and cancellation of Shares.
- 20.1.11 any costs incurred in taking out and maintaining an insurance policy in respect of the ACD and the Company.
- 20.1.12 any value added or similar tax relating to any charge or expense set out above.

20.2 **Allocation of Assets, Charges and Expenses to Funds**

All fees, duties, charges and expenses (other than any borne by the ACD) are charged to the fund in which they were incurred. However, where they are not attributable to a particular fund, they will be allocated among the funds in a manner which the ACD considers is fair to the Shareholders generally. The costs of authorisation of any new fund may be borne by that fund at the discretion of the ACD.

21. **BUYING AND SELLING OF SHARES**

- 21.1 Shares in the Company may be bought or sold on any Dealing Day between 8.30 am and 5.30 pm.
- 21.2 Shares may be bought and sold by telephone or by written instructions or by such other means as the ACD may make available from time to time. A purchase or sale of Shares in writing and/or by telephone is a legally binding contract.
- 21.3 In its dealing in Shares in the Company the ACD is dealing as principal. The ACD does not seek to make a profit from dealing in shares as principal.

21.4 Orders received and accepted by the ACD by the Valuation Point on a Dealing Day will be dealt with at the price calculated on that day. Orders received and accepted after that time will be dealt with at the price calculated on the next Dealing Day.

21.5 A contract note giving details and, where appropriate, a notice of the applicant's right to cancel of the transaction will be issued on the business day following the purchase or sale. Certificates will not be issued in respect of Shares as ownership is evidenced by entry on the Register. In the case of a purchase of Shares, settlement will be required on receipt of the contract note. In the case of a redemption, the ACD will issue a settlement cheque within four working days of the later of the Dealing Day on which the redemption price is calculated (as determined under 21.4) or receipt of a form of renunciation (copies of which may be obtained from the ACD). Any request for the redemption of Shares or form of renunciation must be signed by each of the holders of the relevant Shares. Settlement cheques will be drawn on a Client Money Account operated by the ACD in accordance with Chapter 9 of the FSA's Conduct of Business Sourcebook, but no interest will be payable on any such amount once a cheque has been issued by the ACD.

21.6 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

21.7 **Suspension of Dealing**

The ACD may, with the prior agreement of the Depositary, or will, if the Depositary so requires at any time, suspend the purchase and redemption of Shares, without notice to Shareholders, for a period not exceeding 28 days, if the ACD, or the Depositary, is of the opinion that, due to exceptional circumstances, there is good and sufficient reason to do so having regard to the interests of the Shareholders. If the redemption of Shares is suspended, the obligations relating to the creation, cancellation, issue and redemption of Shares and the obligations relating to the valuation of Shares, contained in Chapter 6 of the FSA Rules, will cease to apply.

During any suspension, a Shareholder may withdraw his redemption notice provided that such withdrawal is in writing and is received before determination of the suspension. Any notice not withdrawn will be dealt with on the Dealing Day next following the end of the suspension.

If such a suspension occurs the recalculation of the price of the units will recommence on the next Valuation Point following the resumption of dealing.

21.8 **Pricing**

The ACD deals on a forward pricing basis. A forward price is the price calculated on the relevant Dealing Day as determined under 21.4.

The price of a Larger Denomination Share of any Class of Shares shall be calculated by taking the proportion of the net asset value of all Shares of that Class (by reference to the most recent valuation of the scheme property) and dividing it by the number of Shares (expressed in terms of Larger Denomination Shares by aggregating every 1000 Smaller Denomination Shares into a Larger Denomination Share and, if appropriate, including any outstanding fractions of a Larger Denomination Share represented by any residual number of Smaller Denomination Shares) of the relevant Class in issue immediately before the relevant Valuation Point. The price will be expressed in pounds sterling and will be expressed to four significant figures. A Smaller Denomination Share will have a price which is one thousandth of the value of a Larger Denomination Share.

21.9 Publication of Prices of Shares

Prices of Shares are published daily on the Insight Investment website, www.insightinvestment.com and are available by calling the Insight Investment Customer Services Team on 0845 777 2233. The ACD may, at its discretion, continue publishing prices of some or all shares in the Financial Times but may cease to do so without any further notice to investors at any time.

21.10 In Specie Redemption

If a Shareholder requests the redemption or cancellation of Shares representing more than either 5 per cent of the value of the Company or £2 million, the ACD may, at its discretion, arrange that in lieu of payment of the price of the Shares in cash, the Company shall cancel the Shares and transfer to that Shareholder scheme property of the relevant value or, if required by the Shareholder, the net proceeds of the sale of the relevant property to him. The ACD must give written notice to the Shareholder concerned of its decision to exercise these powers before the cash payment would otherwise be due. The scheme property to be transferred (or sold) will be selected by the ACD in consultation with the Depositary and with a view to achieving no more advantage or disadvantage to the Shareholder requesting redemption of his Shares than to continuing Shareholders. The Company may retain out of the scheme property to be transferred (or the proceeds of the sale) property or cash of a value or amount equivalent to any stamp duty reserve tax to be paid in relation to the redemption or cancellation of Shares.

21.11 Issue of Shares in exchange for in specie assets

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the ACD and Depositary are satisfied that the acquisition of those assets in exchange for the Shares concerned by the

Company is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective of the Company.

21.12 **Compulsory Redemption**

Shares may be compulsorily redeemed or cancelled in accordance with the Instrument of Incorporation if the holding of any Shares by a Shareholder is, or is reasonably considered by the ACD to be, an infringement of any law or governmental regulations, or which would result in the Company incurring any liability to taxation or suffering any other adverse consequence.

21.13 **Deferred Redemption**

In times of high redemption, to protect the interests of continuing Shareholders, the ACD may defer redemptions at a particular Valuation Point to the next Valuation Point where requested redemptions exceed 8% of the Company's value. This will allow the ACD to match the sale of scheme property to the level of redemption, thereby reducing the impact of dilution on the Company. Requests for redemption in these circumstances will be treated on a pro rata basis to ensure the consistent treatment of all Shareholders. At the next such Valuation Point all deals relating to an earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

22. **EXCHANGE OF SHARES**

22.1 A Shareholder may give notice to the ACD, in such form as the ACD shall from time to time determine, that he wishes to exchange all or some of his Shares of one Class ("the Original Shares") for Shares of another Class or for shares in another Insight Fund ("the New Shares"). Such switches can only take place if, following the switch, the Shareholder's holding of New Shares will satisfy the criteria and applicable minimum investment requirement of that Class or Insight Fund.

22.2 The ACD may impose restrictions on exchanges, but any restriction related to exchanges of Shares must be on reasonable grounds relating to the circumstances of the Shareholder concerned.

22.3 The number of New Shares to be issued to the holder on a switch will be determined by reference to the respective prices of New Shares and Original

Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued. The following formula will be applied:

$$N = O \times \frac{(CP \times ER)}{SP}$$

where:

N is the number of New Shares to be issued or sold (rounded down to the nearest whole number of smaller denomination shares);

O is the number of Original Shares specified (or deemed to be specified) in the exchange notice which the holder has requested to exchange;

CP is the price at which a single Original Share may be cancelled or redeemed as at the valuation point applicable to the cancellation or redemption as the case may be;

ER is 1, where the Original Shares and the New Shares are designated in the same currency and, in any other case, is the exchange rate determined by the ACD in its absolute discretion (subject to the FSA Rules) as representing the effective rate of exchange between the two relevant currencies as at the date the switching notice is received (or deemed to have been received) by the Company having adjusted such rate as may be necessary to reflect any costs incurred by the Company in making any transfer of assets as may be required as a consequence of such a switch being effected; and

SP is the price at which a single New Share may be issued or sold as at the valuation point applicable to the cancellation or redemption as the case may be.

22.4 The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the FSA Rules.

22.5 The ACD may at its discretion make a charge on the switching of Shares to another Insight Fund. Any such charge on switching will be deducted from the value of the Original Shares before the purchase of the New Shares but will not in any event exceed the amount of the preliminary charge at that date for the New Shares.

An exchange of Shares in the Company for Shares in another Insight Fund will be treated as a redemption and sale and will, for persons subject to UK taxation, be a realisation for the purposes of capital gains tax, which may give rise to a liability to tax, depending on the Shareholder's circumstances.

In no circumstances will a Shareholder who exchanges Shares in the Company for Shares in another Insight Fund be given a right by law to withdraw from, or cancel, the transaction. Shares cannot be converted during a period when dealings in Shares of the Company are suspended pursuant to the FSA Rules and the right of a Shareholder to convert during a period of suspension is similarly suspended.

23. GENERAL INFORMATION

23.1 Reports and Accounts

The annual report in respect of the Company will be published within four months of the end of the annual accounting period which ends on 30 November. The half-yearly accounting period ends on 31 May and half-yearly reports in both short form and long form will be made up to such date each year and published within two months and are available free of charge to anyone who requests from the ACD. The accounts contained in the annual and half yearly reports will be prepared in accordance with the FSA Rules and the Statement of Recommended Practice for Financial Statements of Authorised Funds. Shareholders will receive copies of the short report on publication, and a copy of the long report will be available on request.

23.2 Inspection of Documents

Copies of the Instrument of Incorporation, (as amended), the Prospectus, the material contracts referred to below at 23.4 any amending instrument and the most recent annual and half-yearly reports may be inspected and obtained free of charge during normal office hours from:

Head of Client Services
Insight Investment Funds Management Limited
160 Queen Victoria Street
London
EC4V 4LA

23.3 Register of Shareholders

The Register of Shareholders of the Company can be inspected at the office of the Registrar at 12 Blenheim Place, Edinburgh EH7 5ZR. Any notice or document required to be sent or served to Shareholders will be sent either by first class post to the address as most recently notified to the Company and as entered on the Register of Shareholders, or electronically to the email address most recently notified to the Company (where a Shareholder has consented to the receipt of documents and notices electronically), at the ACD's discretion.

23.4 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) the ACD Agreement dated 18 February 2005 between the Company and the ACD;
- (b) the Depositary Agreement between the ACD, the Company and novated in favour of the Depositary with effect from 14 October 2011; and
- (c) the Investment Advisory Agreement dated 18 February 2005 between the Company and the Investment Advisor.

Details of the above contracts are given in sections 3.4, 4.7 and 5.4.

24. **TAXATION**

The following statements are based on our understanding of current UK law and HM Revenue & Customs practice as known at the date of this Prospectus. They summarise the tax position of the Company and of individual Shareholders who are UK resident and hold their shares as investments. Shareholders are recommended to consult their professional adviser if they are in any doubt as to their individual tax position or if they may be subject to tax in a jurisdiction other than the UK.

The Company

The Company is treated as an open-ended investment company for tax purposes.

The Company may receive dividend distributions from UK collective investment schemes or dividends in respect of investments in UK equities. The dividends and any part of the dividend distributions which relate to UK dividends are not subject to corporation tax in the Company. The Company is liable to UK corporation tax at the current rate of 20% on its other types of income after deducting management expenses, charges and the gross amount of any interest distributions.

The Company is exempt from UK corporation tax on capital gains realised on the disposal of investments (including interest paying securities) held within it.

Income Tax

On the specified allocation dates each Shareholder becomes entitled to a distribution which will be automatically retained in the Company. The distribution is treated as income for tax purposes regardless of the fact that the Shares are Accumulation Shares. With each distribution the ACD will send a tax

voucher showing the amount of income to which each Shareholder is entitled, the nature of the distribution and related tax credit. Notes printed on the tax voucher will indicate how the amount should be reflected in the Shareholder's tax return.

Distributions paid may be either Dividend Distributions or Interest Distributions, depending on the nature of the income of the Company. Interest Distributions can be made only where the market value of the Company's interest-bearing investments including holdings in authorised investment funds that pay interest distributions and cash on deposit exceeds 60% of the market value of all its assets throughout the accounting period to which it relates.

Dividend Distributions

Dividend Distributions to non-corporate Shareholders carry a tax credit at a rate of 10%.

Basic rate taxpayers will be liable to income tax on their dividend income at the dividend ordinary rate of 10%. Therefore the 10% tax credit on Dividend Distributions will satisfy the liability to UK income tax of basic rate taxpayers. A basic rate taxpayer will have no further tax liability.

Shareholders liable to UK income tax at the higher rate (currently 40%) must account to HM Revenue & Customs for any further tax due on the gross amount of the income, that is the distribution plus the tax credit. Higher rate taxpayers will be liable to income tax on their grossed up dividend income at the upper rate of 32½% but may offset the 10% tax credit against this liability. In other words, higher rate tax payers will be liable to pay income tax equivalent to 25% of their net receipt. (From 6 April 2010, taxpayers whose income exceeds £150,000 per year will be subject to the new additional rate (50%) of income tax. They will be liable to income tax on their grossed up dividend income at the dividend additional rate of 42½% but may offset the 10% tax credit against this liability, as a result of which they will be liable to pay income tax approximately equivalent to 36% of their net receipt.)

It will not be possible for Shareholders to reclaim any amount in respect of the tax credit on dividend distributions.

Interest Distributions

The total amount shown in the distribution account of the Company is shown as available for distribution as yearly interest, such amount will be treated as if it were a payment of yearly interest. The ACD will deduct income tax at the rate of 20% from payments to UK resident investors who will receive credit for the tax deducted. Shareholders liable to UK income tax at the higher rate (currently 40%) must account to HM Revenue & Customs for any further tax on the gross

amount of the interest. A basic rate taxpayer has no further tax liability. A starting rate (10%) tax payer may reclaim 10% (half the tax credit) from HM Revenue & Customs. (From 6 April 2010, individuals whose income exceeds £150,000 per year will be subject to the new additional rate (50%) of tax, and will therefore have further tax to pay on the gross amount of interest of 30%.)

Corporate Shareholders and certain others who are exempt from tax on income, including pension funds, charities and individuals whose Shares are held through an ISA may be eligible to receive distribution payments without the deduction of income tax.

Non-Taxpayers

Charities

Charities can no longer reclaim the tax credit on Dividend Distribution.

Any income tax withheld from Interest Distributions and paid to HM Revenue & Customs can be reclaimed by charities.

ISAs

The tax credit on Dividend Distribution is no longer repayable to ISA holders.

Income tax withheld from interest distributions and paid to HM Revenue & Customs is repayable to ISA holders.

Individuals

Individual non-taxpayers cannot reclaim the tax credit on dividend distributions.

Income tax withheld from interest distributions and paid to HM Revenue & Customs can be reclaimed by individual non-taxpayers.

Pension Funds

Pension funds cannot reclaim the tax credit on dividend distributions.

Income tax withheld from interest distributions and paid to HM Revenue & Customs can be reclaimed by pension funds.

Non-Resident Shareholders

Shareholders who are not resident in the UK may be entitled to a repayment of all or part of the tax credit attached to an income accumulation. This entitlement is dependent on their personal circumstances and the terms of any double taxation agreement between the UK and the Shareholder's country of residence; typically these provide for full or partial repayment of tax deducted

from interest distributions but little if any payment in respect of dividend distributions.

Corporation Tax

Dividend Distributions

Shareholders within the charge to UK corporation tax receive dividend distributions as franked investment income to the extent that the gross income less tax from which the distributions are made is franked investment income. To the extent to which the gross income less tax from which the dividend distributions are made is not wholly franked investment income, part of the distribution is received as an annual payment from which income tax at the lower rate of 20% has been deducted, the gross amount of which will be chargeable to corporation tax. The percentages to be used to calculate the allocation between franked investment income and unfranked income received will be set out on the tax voucher.

The corporate streaming rules also limit the maximum amount of income tax that may be reclaimed from HM Revenue & Customs on the unfranked stream. The maximum amount reclaimable by a corporate Shareholder is the corporate Shareholder's portion of the Company's net liability to corporation tax in respect of gross income. The tax voucher will state the Company's net liability to corporation tax in respect of the gross income. Additional information may also be provided on the tax voucher, for example, the net liability per Share.

Interest Distributions

Shareholders chargeable to UK corporation tax receive interest distributions as annual payments from which income tax at the lower rate of 20% has been deducted, the gross amount of which will be chargeable to corporation tax (with credit for any income tax deducted). No tax will be deducted from holders of gross shares.

Capital Gains Tax

For holders of Shares who are resident or ordinarily resident in the UK, the disposal of Shares or the exchange of Shares for shares in another Insight Fund may give rise to a liability to capital gains tax in respect of gains arising from the disposal (switches between Classes of Shares should not give rise to a liability to capital gains tax).

Part of any increase in value of Accumulation Shares represents accumulated income (excluding tax credits). These amounts may be added to the allowable cost when calculating the capital gain realised on their disposal.

Individuals are only liable to capital gains tax if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption (£10,600 for the 2011/2012 tax year). If gains in excess of this exemption are realised the excess is taxable at the rate of 18% or 28% (the tax rate to be used will depend on the total amount of the individual's taxable income) (2011/2012).

Shareholders within the charge to UK corporation tax are chargeable to corporation tax on all such gains and net capital gains will normally be added to the profits charged to corporation tax. Indexation relief will be available. If during a corporate Shareholders' accounting period over 60% of the Company is invested in interest-paying investments, then the Shareholder must treat its holding as a creditor relationship subject to a mark-to-market basis of accounting for corporation tax purposes.

Income Equalisation

Since the Company operates equalisation, the first allocation made after the acquisition of Shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the Shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of the Shares in arriving at any capital gain realised on their subsequent disposal. Income accumulated and income equalisation accumulated can be added to the cost of accumulation units in computing the amount of any gain.

Stamp Duty Reserve Tax

The Company will be liable for SDRT on surrenders and certain other transfers of Shares. The cost of any SDRT which needs to be paid will be met out of the property of the Company.

The SDRT System

SDRT arises on the surrender (i.e. the redemption or switching) and certain transfers of Shares. The charge is 0.5% of the value of surrenders and transfers in the Company each week reduced proportionately to the extent that during that week and the following week the:

- (a) investments held by the Company are exempt assets that is, broadly, any assets other than UK equities and holdings in UK collective investment schemes subject to SDRT (this will reduce the charge to nil where the Company is invested entirely in exempt assets); and
- (b) purchases of Shares are less by number than surrenders of Shares.

With a view to protecting investors from a resulting diminution in the value of Shares, an authorised corporate director of an OEIC is permitted to require the payment of an SDRT provision as an addition to (but not as part of) the price of Shares when they are issued or purchased, and as a deduction when they are cancelled or redeemed.

Surrenders of Shares

The ACD has decided that any SDRT will be borne by the Company whatever the size of the deal.

Transfers of Shares

Transfers of Shares from one Shareholder to another may be exempt from SDRT, depending on the circumstances. Shareholders transferring Shares should complete a stock transfer form in the normal way including any appropriate certificate which would be required for exemption from stamp duty on the transfer of equities. Where there is no appropriate certificate, evidence of an exemption from SDRT should be submitted with the transfer. In other cases, where SDRT applies to the transfer the ACD has decided that any SDRT triggered will be paid by the Company.

Frequency of SDRT provision

The ACD's policy to charge SDRT to the Company in all cases means that it has not and does not expect to levy an SDRT provision.

25. WINDING-UP AND TERMINATION

25.1 Winding-up of the Company

The Company is to be wound-up:

- 25.1.1 if an extraordinary resolution of holders is passed to wind-up the Company;
- 25.1.2 on the date of effect stated in any agreement by the FSA to a request by the ACD for the revocation of the authorisation order in respect of the Company, albeit that such agreement is subject to there being no material change in any relevant factor prior to the date of the revocation; or
- 25.1.3 by the ACD in its absolute discretion if one year from the date of the first issue of Shares or at any date thereafter, the net asset value of the Company is less than £10,000,000.

The Company may only be wound-up under the FSA Rules if the Company is solvent and there is no vacancy in the position of the ACD. If the Company is insolvent, or there is such a vacancy, the Company may only be wound-up under Part V of the Insolvency Act 1986 as an unregistered company.

On a winding-up (other than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the time the Company falls to be wound-up, to realise the property of the Company and pay the liabilities of the Company out of the proceeds.

After making adequate provision for the expenses of the winding-up and the discharge of the liabilities of the Company remaining to be discharged, the ACD may arrange for the Depositary to make one or more interim distributions, and then a final distribution of the proceeds of the realisation of the property proportionately to the right to participate in the scheme property attached to their respective Shares.

If the Company is to be wound-up in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to wind-up the Company in accordance with a resolution of holders approving such scheme.

Where the Company and one or more Shareholders (other than the ACD) agree, the requirement to realise the property of the Company shall not apply to that part of the property which is proportionate to the right of that or those Shareholders, and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears to the ACD appropriate for ensuring that that or those Shareholders bear a proportionate share of the liabilities and expenses.

If any sum of money is unclaimed or stands to the account of the Company at the date of its dissolution, the ACD shall arrange for the Depositary to pay such sum into court within one month after that date in accordance with the ICVC Regulations.

26. ADDITIONAL INFORMATION

26.1 UCITS Details

The ACD holds a certificate for the Company as a record of its compliance with the European Union Directive on Undertakings for Collective Investment in Transferable Securities (UCITS), which has been incorporated in the laws regulating collective investment scheme in relevant EEA states. At present, the Company is not marketed in other EEA States.

26.2 Risks

26.2.1 General Risks

Investors should be aware that there are risks inherent in the holding of securities: -

- (a) The past performance of the Company is not a guide to the future performance. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
- (b) Transfers or switches into an Insight Fund will be held as cash for part of the transfer period. This means that until the cash is reinvested into the selected fund(s) there is no exposure to any gains or falls in stock markets.
- (c) Funds with similar objectives may experience differences in performance due to the selection of different assets within each fund. Funds may also diverge from their benchmark for the same reason.
- (d) Funds aiming for relatively high performance can incur greater risk than those adopting a more standard investment approach. There is no guarantee for the performance of your investment.
- (e) The tax treatment of the Company may change and such changes cannot be foreseen.
- (f) Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment.
- (g) **Liabilities of the Company**

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.
- (h) **Effect of Initial Charge**

Where an initial charge is imposed, a Shareholder who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

The Shares therefore should be viewed as medium to long term investments.

(i) **Effect of Redemption Charge**

An investor who realises his Shares after less than 4 years may incur a redemption charge, and may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Shares should be viewed as a long-term investment.

(j) **Dilution Adjustment**

Shareholders should note that in certain circumstances a dilution adjustment may be applied on their purchase or redemption of Shares (see "Charges" in section 18).

(k) **Suspension of Dealings in Shares**

Shareholders are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of Dealings" in section 21.7).

(l) **Derivative Transactions**

Derivative transactions may be used by the Company for the purposes of efficient portfolio management and/or meeting its investment objective. The use of derivative transactions are not intended to increase the risk profile of the Company.

(m) **Investment in UCITS Schemes**

Investments will be made in units or shares of collective investment schemes which are UCITS schemes.

(n) **Deferred Redemption Risk**

In times of high redemption, to protect the interests of continuing Shareholders, the ACD may defer redemptions at a particular Valuation Point to the next Valuation Point where requested redemptions exceed a specified percentage of the Company's value. This will allow the ACD to match the sale of scheme property to the level of redemption, thereby reducing the impact of dilution on the fund. Requests for redemption in these circumstances will

be treated on a pro-rata basis to ensure the consistent treatment of all Shareholders. At the next such Valuation Point all deals relating to an earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

(o) **Re-investment of Collateral from Stocklending or OTC Derivatives Transactions**

Cash received as collateral from either stocklending or OTC derivatives transactions may be re-invested in shares or units issued by qualifying money market funds, including entities managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD (see "Treatment of Collateral" in section 10.42).

To the extent that re-investment of collateral takes place in an associated qualifying money market fund of the ACD, all transactions will be at arm's length and will be executed as if effected in normal commercial terms. In particular, cash collateral re-invested in associated qualifying money market funds may be subject to a pro rata portion of that funds' management fees which would be in addition to the annual management fees charged by the sub-fund. However, no additional preliminary charge will be levied by the associated qualifying money market fund in this situation.

26.2.2 Specific Risks

(a) **Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates increase, capital values may fall and vice versa. Inflation will erode the real value of capital. In addition, Companies may not be able to honour repayment on bonds they issue.

Unlike the income from a single fixed interest security, the level of income of a fund is not fixed and may go up and down.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer.

Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer

(b) **Currencies**

Currency fluctuations may adversely affect the value of the Company's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

(c) **Property**

Investments in property are relatively illiquid and more difficult to realise than equities or bonds. The value of the property is a matter of judgement by the valuer, rather than fact.

(d) **Emerging Markets**

Investment in emerging markets carries a higher risk than investing in mature markets. This is mainly because of the volatility of the markets and local regulations, and custody and registration arrangements, which may be less developed than in more mature markets.

(e) **Liquidity**

If a security cannot be liquidated in a timely manner then it may be harder to attain a reasonable price for it.

26.3 **Risk Management**

The ACD will provide, upon the request of a Shareholder further information relating to:

- 26.3.1 the quantitative limits applying in the risk management of the Company;
- 26.3.2 the methods used in relation to 26.3.1; and
- 26.3.3 any recent development of the risk and yields of the main categories of investment.

26.4 **Complaints**

Any complaint regarding the operation or marketing of the Company should be addressed to the Customer Service Manager of Insight Investment Funds Management Limited, PO Box 23630, Edinburgh, EH7 5GR.

A Shareholder also has the right to complain directly to the Financial Ombudsman Service at South Quay Plaza II, 183 Marsh Wall, London, E14 9SR.

26.5 **Non-accountability for profits**

Neither the ACD, the Depositary, the Investment Adviser (or any associate of the same) or the Auditor is liable to account to either each other or to Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with:

26.5.1 dealings in Shares; or

26.5.2 any transaction in the Scheme Property; or

26.5.3 the supply of services to the Company.

26.6 **Investors Compensation Scheme**

Rights to compensation for Shareholders in the Company are those outlined in the Financial Services Compensation Scheme.

26.7 **Conflicts of Interest**

26.7.1 The ACD, the Investment Adviser and other companies within the BNY Mellon Corporation may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Company. It is therefore possible that the ACD and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Company. Each of the ACD and the Investment Adviser will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Advisory Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Depositary may, from time to time, act as the depositary of other OEICs and as trustee or custodian of other collective investment schemes.

26.7.2 The FSA Rules contain provisions on conflict of interest governing any transaction concerning the Company which is carried out by or with

any “affected person”, which means the Company, an associate of the Company, the ACD, an associate of the ACD, the Depositary, an associate of the Depositary, any investment adviser and any associate of any investment adviser.

These provisions, among other things, enable an affected person (a) to sell or deal in the sale of property to the Company or the Depositary for the account of the Company; (b) vest property in the Company or the Depositary against the issue of Shares in the Company; (c) purchase property from the Company (or the Depositary) acting for the account of the Company; (d) enter into a stocklending transaction in relation to the Company; or (e) provide services for the Company. Any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm’s length requirements as set out in the FSA Rules. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

Investment of the property of the Company may be made on arm’s length terms through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD. Neither the ACD nor any such affected person will be liable to account to the Company or to the holders of Shares for any profit made or derived out of such dealings.

APPENDIX I

FUNDS OF INSIGHT INVESTMENT OEICS

Funds of Insight Investment Professional Funds ICVC

Insight Investment Equity High Income Fund
Insight Investment Monthly Income Fund
Insight Investment Sterling Corporate Bond Fund
Insight Investment Asia Pacific Equity Fund – no longer available
Insight Investment European Equity Fund – no longer available
Insight Investment Global Ethical Fund – no longer available
Insight Investment Evergreen Fund – no longer available
Insight Investment Foundation Growth Fund – no longer available
Insight Investment Global Alpha Fund – no longer available
Insight Investment Japan Equity Fund – no longer available
Insight Investment UK Discretionary Fund – no longer available
Insight Investment UK Small Cap Fund – no longer available
Insight Investment US Equity Fund – no longer available

Funds of Insight Investment Discretionary Funds ICVC

Insight Investment Monthly Income Bond Fund
Insight Investment UK Equity Income Booster Fund
Insight Investment UK Broad Market Bond Fund
Insight Investment UK Corporate All Maturities Bond Fund
Insight Investment UK Corporate Long Maturities Bond Fund
Insight Investment UK Government All Maturities Bond Fund
Insight Investment UK Government Long Maturities Bond Fund
Insight Investment UK Index-Linked Bond Fund
Insight Investment European Alpha Fund – no longer available
Insight Investment European Small Cap Fund – no longer available
Insight Investment UK Alpha Fund – no longer available

Funds of Insight Investment Multi-Manager Funds ICVC

Insight Investment Diversified Dynamic Return Fund
Insight Investment Diversified High Income Fund
Insight Investment UK Dynamic Managed Fund
Insight Investment Wealth Builder Balanced Fund
Insight Investment European Dynamic Managed Fund – not yet available
Insight Investment Wealth Builder Global Growth Fund – not yet available

Funds of Insight Investment Funds-of-Funds II Funds ICVC

Absolute Insight

APPENDIX II

HISTORICAL PERFORMANCE

**Standardised rolling 12 month performance (% growth).
Figures as at 31 December 2010.**

Fund Name	Period				
	30.12.05 – 29.12.06	29.12.06 – 31.12.07	31.21.07 – 31.12.08	31.21.08 – 31.12.09	31.21.09 – 31.12.10
Insight Investment Diversified Target Return Fund	5.5%	7.6%	-16.6%	8.6	5.2

12 month performance (% growth).

Source: Lipper, a REUTERS company. NAV to NAV, net income reinvested. All performance shown is for A Accumulation shares.

Past performance should not be seen as an indication of future performance. The value of investments can fall as well as rise, and you may not get back the amount you originally invested.